

Form 990

Return of Organization Exempt From Income Tax

2007

Open to Public
InspectionDepartment of the
Treasury
Internal Revenue
ServiceUnder section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
benefit trust or private foundation)

► The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2007 calendar year, or tax year beginning 01-01-2007 and ending 12-31-2007

B Check if applicable

Address change

Name change

Initial return

Final return

Amended return

Application pending

Please use IRS label or print or type. See Specific Instructions.	C Name of organization FOUNDATION FOR RESEARCH ON ECONOMICS AND THE ENVIRONMENT	
	Number and street (or P O box if mail is not delivered to street address) 662 FERGUSON RD	Room/suite
	City or town, state or country, and ZIP + 4 BOZEMAN, MT 59718	

D Employer identification number

94-3170425

E Telephone number

(406) 585-1776

F Accounting method Cash Accrual
 Other (specify) ►

► Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

G Web site: ► WWW FREE-ECO.ORG

J Organization type (check only one) ► 501(c) (3) ► (insert no) 4947(a)(1) or 527K Check here ► if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than 25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ► 1,132,143

H and I are not applicable to section 527 organizations

H(a) Is this a group return for affiliates? Yes No

H(b) If "Yes" enter number of affiliates ►

H(c) Are all affiliates included? Yes No
(If "No," attach a list. See instructions.)H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

I Group Exemption Number ►

M Check ► if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF)

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Line	Description	Amount
1	Contributions, gifts, grants, and similar amounts received	
1a		
1b		711,784
1c		
1d		
1e		711,784
2	Program service revenue including government fees and contracts (from Part VII, line 93)	
3	Membership dues and assessments	
4	Interest on savings and temporary cash investments	
5	Dividends and interest from securities	
6a	Gross rents	
6b	Less rental expenses	
6c	Net rental income or (loss) subtract line 6b from line 6a	
6		
7	Other investment income (describe ►)	
7		
8a	Gross amount from sales of assets other than inventory	
8a	(A) Securities	
8a	381,867	8a
8a	(B) Other	
8b	336,660	8b
8c	45,207	8c
8d		45,207
8		
9a	Gross revenue (not including \$ _____ of contributions reported on line 1b)	
9a	9a	
9b	Less direct expenses other than fundraising expenses	
9b	9b	
9c		
9	Net income or (loss) from special events Subtract line 9b from line 9a	
9		
10a	Gross sales of inventory, less returns and allowances	
10a	10a	
10b	Less cost of goods sold	
10b	10b	
10c		
11	Other revenue (from Part VII, line 103)	
11		
12	Total revenue Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	795,483
13	Program services (from line 44, column (B))	
13	13	515,395
14	Management and general (from line 44, column (C))	
14	14	135,966
15	Fundraising (from line 44, column (D))	
15	15	96,175
16	Payments to affiliates (attach schedule)	
16	16	
17	Total expenses Add lines 16 and 44, column (A)	747,536
17	17	
18	Excess or (deficit) for the year Subtract line 17 from line 12	
18	18	47,947
19	Net assets or fund balances at beginning of year (from line 73, column (A))	
19	19	1,337,877
20	Other changes in net assets or fund balances (attach explanation) ►	
20	20	35,582
21	Net assets or fund balances at end of year Combine lines 18, 19, and 20	1,421,406
21	21	

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a	Grants paid from donor advised funds (attach Schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input checked="" type="checkbox"/>				
22b	Other grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input checked="" type="checkbox"/>				
23	Specific assistance to individuals (attach schedule)				
24	Benefits paid to or for members (attach schedule)				
25a	Compensation of current officers, directors, key employees etc Listed in Part V-A (attach schedule)				
b	Compensation of former officers, directors, key employees etc listed in Part V-B (attach schedule)				
c	Compensation and other distributions not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)				
26	Salaries and wages of employees not included on lines 25a, b and c	291,172	198,037	36,614	56,521
27	Pension plan contributions not included on lines 25a, b and c				
28	Employee benefits not included on lines 25a - 27	68,517	47,962	6,852	13,703
29	Payroll taxes	20,067	14,047	2,007	4,013
30	Professional fundraising fees				
31	Accounting fees				
32	Legal fees	14,260		14,260	
33	Supplies				
34	Telephone				
35	Postage and shipping				
36	Occupancy	63,378	44,365	13,948	5,065
37	Equipment rental and maintenance				
38	Printing and publications				
39	Travel	163,427	137,583	14,997	10,847
40	Conferences, conventions, and meetings				
41	Interest				
42	Depreciation, depletion, etc (attach schedule) <input checked="" type="checkbox"/>	20,784		20,784	
43	Other expenses not covered above (itemize)				
a	See Additional Data Table				
b					
c					
d					
e					
f					
g					
44	Total functional expenses. Add lines 22a through 43g (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	747,536	515,395	135,966	96,175

Joint Costs. Check if you are following SOP 98-2

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No

If "Yes," enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to Program services \$ _____, (iii) the amount allocated to Management and general \$ _____, and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

<p>What is the organization's primary exempt purpose? <input checked="" type="checkbox"/> APPLY ECONOMICS, SCIENTIFIC ANALYSIS, AND RISK ANALYSIS TO EXPLORE AND EDUCATE INDIVIDUALS ABOUT ALTERNATIVE SOLUTIONS TO ENVIRONMENTAL PROBLEMS</p> <p>All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)</p> <p>a CONDUCT SEMINARS AND CONFERENCES AND PRODUCE BOOKS AND ARTICLES TO GENERATE AND EXPLORE ALTERNATIVE SOLUTIONS TO ENVIRONMENTAL PROBLEMS</p> <p>(Grants and allocations \$ 671,381) If this amount includes foreign grants, check here <input type="checkbox"/></p>		<p>Program Service Expenses (Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others)</p>
b		
c		
d		
e Other program services (attach schedule)		
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	515,395	

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.		(A) Beginning of year		(B) End of year
45	Cash—non-interest-bearing	531,138	45	613,687
46	Savings and temporary cash investments	278,085	46	308,629
47a	Accounts receivable	47a		
b	Less allowance for doubtful accounts	47b	2,200	47c
48a	Pledges receivable	48a		
b	Less allowance for doubtful accounts	48b		48c
49	Grants receivable		49	
50a	Receivables from current and former officers, directors, trustees, and key employees (attach schedule)		50a	
b	Receivables from other disqualified persons (as defined under section 4958(c)(3)(B) (attach schedule)		50b	
51a	Other notes and loans receivable (attach schedule)	51a		
b	Less allowance for doubtful accounts	51b		51c
52	Inventories for sale or use		52	
53	Prepaid expenses and deferred charges		53	
54a	Investments—publicly-traded securities ► <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	513,895	54a	488,261
b	Investments—other securities (attach schedule) ► <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54b	
55a	Investments—land, buildings, and equipment basis	55a		
b	Less accumulated depreciation (attach schedule)	55b		55c
56	Investments—other (attach schedule)		56	
57a	Land, buildings, and equipment basis	57a 127,521		
b	Less accumulated depreciation (attach schedule)	57b 97,158	49,678	57c <input checked="" type="checkbox"/> 30,363
58	Other assets, including program-related investments (describe ► _____)		2,487	58 <input checked="" type="checkbox"/> 2,487
59	Total assets (must equal line 74) Add lines 45 through 58		1,377,483	59 1,443,427
60	Accounts payable and accrued expenses	9,677	60	1,071
61	Grants payable		61	
62	Deferred revenue		62	
63	Loans from officers, directors, trustees, and key employees (attach schedule)		63	
64a	Tax-exempt bond liabilities (attach schedule)		64a	
b	Mortgages and other notes payable (attach schedule)	29,929	64b	20,950
65	Other liabilities (describe ► _____)		65	
66	Total liabilities Add lines 60 through 65	39,606	66	22,021
Organizations that follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74				
67	Unrestricted	837,877	67	921,406
68	Temporarily restricted		68	
69	Permanently restricted	500,000	69	500,000
Organizations that do not follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 70 through 74				
70	Capital stock, trust principal, or current funds		70	
71	Paid-in or capital surplus, or land, building, and equipment fund		71	
72	Retained earnings, endowment, accumulated income, or other funds		72	
73	Total net assets or fund balances Add lines 67 through 69 or lines 70 through 72 (Column (A) must equal line 19 and column (B) must equal line 21)	1,337,877	73	1,421,406
74	Total liabilities and net assets / fund balances Add lines 66 and 73	1,377,483	74	1,443,427

Part IV-A Reconciliation of Revenue per Audited Financial Statements With Revenue per Return (See the instructions.)

a	Total revenue, gains, and other support per audited financial statements	a	831,065
b	Amounts included on line a but not on Part I, line 12		
1	Net unrealized gains on investments	b1	35,582
2	Donated services and use of facilities	b2	
3	Recoveries of prior year grants	b3	
4	Other (specify) _____	b4	
	Add lines b1 through b4	b	35,582
c	Subtract line b from line a	c	795,483
d	Amounts included on Part I, line 12, but not on line a		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify) _____	d2	
	Add lines d1 and d2	d	35,582
e	Total revenue (Part I, line 12) Add lines c and d ►	e	795,483

Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

a	Total expenses and losses per audited financial statements	a	747,536
b	Amounts included on line a but not on Part I, line 17		
1	Donated services and use of facilities	b1	
2	Prior year adjustments reported on Part I, line 20	b2	
3	Losses reported on Part I, line 20	b3	
4	Other (specify) _____	b4	
	Add lines b1 through b4	b	
c	Subtract line b from line a	c	747,536
d	Amounts included on Part I, line 17, but not on line a :		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify) _____	d2	
	Add lines d1 and d2	d	
e	Total expenses (Part I, line 17) Add lines c and d	e	747,536

Part V-A **Current Officers, Directors, Trustees, and Key Employees** (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
See Additional Data Table				

Part V-A Current Officers, Directors, Trustees, and Key Employees (continued)

Yes No

5a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings ►8 _____

5b Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)

5c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization" ►
If "Yes," attach a statement that includes the information described in the instructions

5d Does the organization have a written conflict of interest policy?

Part V-B **Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits** (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

Part VI Other Information (See the instructions.)

Yes No

76	Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change	76		No
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes	77		No
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a		No
b If "Yes," has it filed a tax return on Form 990-T for this year?		78b		
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79		No
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a		No
b If "Yes," enter the name of the organization ► _____ and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt				
81a	Enter direct or indirect political expenditures (See line 81 instructions)	81a		
b Did the organization file Form 1120-POL for this year?		81b		No

Part VI Other Information (continued)

	Yes	No
82a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		
82b		No
83a Did the organization comply with the public inspection requirements for returns and exemption applications?	Yes	
83b	Yes	
84a Did the organization solicit any contributions or gifts that were not tax deductible?		No
84b		
85 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?		
b Did the organization make only in-house lobbying expenditures of \$2,000 or less?		
If "Yes," was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed the prior year		
c Dues assessments, and similar amounts from members	85c	
d Section 162(e) lobbying and political expenditures	85d	
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	
f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	
86 501(c)(7) orgs. Enter a Initiation fees and capital contributions included on line 12	86a	
b Gross receipts, included on line 12, for public use of club facilities	86b	
87 501(c)(12) orgs. Enter a Gross income from members or shareholders	87a	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	
88a At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Part IX	88a	No
b At any time during the year, did the organization directly or indirectly own a controlled entity within the meaning of section 512(b)(13)? If yes complete Part XI	88b	No
89a 501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 ► 0 , section 4912 ► 0 , section 4955 ► 0	89a	
b 501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	No
c Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ► 0	89c	
d Enter Amount of tax on line 89c, above, reimbursed by the organization ► 0	89d	
e All organizations. At any time during the tax year was the organization a party to a prohibited tax shelter transaction?	89e	No
f All organizations. Did the organization acquire direct or indirect interest in any applicable insurance contract?	89f	No
g For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	89g	No
90a List the states with which a copy of this return is filed ►		
b Number of employees employed in the pay period that includes March 12, 2007 (See instructions)	90b	6
91a The books are in care of ► DR JOHN BADEN		Telephone no ► (406) 585-1776
622 FERGUSON ROAD Located at ► Bozeman, MT		ZIP + 4 ► 59718
b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		
If "Yes," enter the name of the foreign country ►		
See the instructions for exceptions and filing requirements for Form TD F 90-22.1 , Report of Foreign Bank and Financial Accounts		
91b	Yes	No

Part VI Other Information (continued)

<input type="checkbox"/> At any time during the calendar year, did the organization maintain an office outside of the United States?	91c	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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If "Yes," enter the name of the foreign country ► _____

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of **Form 1041**—Check here ►
and enter the amount of tax-exempt interest received or accrued during the tax year ► **92**

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

93 Program service revenue

a _____
b _____
c _____
d _____
e _____

f Medicare/Medicaid payments

g Fees and contracts from government agencies

94 Membership dues and assessments

95 Interest on savings and temporary cash investments

96 Dividends and interest from securities

97 Net rental income or (loss) from real estate

a debt-financed property

b non debt-financed property

98 Net rental income or (loss) from personal property

99 Other investment income

100 Gain or (loss) from sales of assets other than inventory

101 Net income or (loss) from special events

102 Gross profit or (loss) from sales of inventory

103 Other revenue a _____

b _____
c _____
d _____
e _____

104 Subtotal (add columns (B), (D), and (E))

105 Total (add line 104, columns (B), (D), and (E)) ► **83,699**

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No. Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)

96 INTEREST INCOME

100 REALIZED GAIN OR LOSS ON SALE OF INVESTMENTS

103 REIMBURSEMENT OF VEHICLE EXPENSES

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

NOTE: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Part XI Information Regarding Transfers To and From Controlled Entities Complete only if the organization is a controlling organization as defined in section 512(b)(13)

				Yes	No
106	Did the reporting organization make any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity				

	(A) Name and address of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
Totals				

				Yes	No
107	Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity				

	(A) Name and address of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
Totals				

				Yes	No
108	Did the organization have a binding written contract in effect on August 17, 2006 covering the interests, rents, royalties and annuities described in question 107 above?				

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge			2008-08-13 Date	
	***** Signature of officer				
	DR JOHN BADEN CHAIRMAN Type or print name and title				

Paid Preparer's Use Only	Preparer's signature	Stefeni S Freese	Date	Check if self-employed <input checked="" type="checkbox"/>	Preparer's SSN or PTIN (See Gen Inst W)
	Firm's name (or yours if self-employed), address, and ZIP + 4	Anderson ZurMuehlen & Co PC	1007 East Main Suite 300	<input checked="" type="checkbox"/>	EIN <input checked="" type="checkbox"/>
		Bozeman, MT 59715			Phone no <input checked="" type="checkbox"/> (406) 556-6160

SCHEDULE A
(Form 990 or
990EZ)Department of the
Treasury
Internal Revenue
Service**Organization Exempt Under Section 501(c)(3)**(Except Private Foundation and Section 501(e), 501(f), 501(k),
501(n), or 4947(a)(1) Nonexempt Charitable Trust**Supplementary Information—(See separate instructions.)**

► MUST be completed by the above organizations and attached to their Form 990 or 990-EZ

2007Name of the organization
FOUNDATION FOR RESEARCH ON ECONOMICS AND
THE ENVIRONMENT**Employer identification number**

94-3170425

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
DR JOHN A BADEN 662 FERGUSON ROAD BOZEMAN, MT 59718	CHAIRMAN 40 00	146,375	0	0
EUGNE M GEDDES III 55 HITCHING POST ROAD BOZEMAN, MT 59715	PROGRAM DIRECTOR 40 00	56,650	0	0
Total number of other employees paid over \$50,000 ►	0			

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individual or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
None		
Total number of others receiving over \$50,000 for professional services ►		

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individual or firms. If there are none, enter "None". See page 2 for instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
None		
Total number of other contractors receiving over \$50,000 for other services ►		

Part III Statements About Activities (See page 2 of the instructions.)**Yes** **No**

1 During the year, has the organization attempted to influence national, state, or local legislation, include any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ►\$ _____ (Must equal amounts on line 38, Part VI-A, or line 1 of Part VI-B)

1 **No**

Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities

2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)

- a** Sale, exchange, or leasing property?
- b** Lending of money or other extension of credit?
- c** Furnishing of goods, services, or facilities?
- d** Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?
- e** Transfer of any part of its income or assets?

2a **No****2b** **No****2c** **No****2d** **No****2e** **No**

3a Did the organization make grants for scholarships, fellowships, student loans, etc ? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments)

3a **No**

- b** Did the organization have a section 403(b) annuity plan for its employees?
- c** Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment , historic land areas or structures? If "Yes" attach a detailed statement
- d** Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?

3b **No****3c** **No****3d** **No**

4a Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g

4a **No**

- b** Did the organization make any taxable distributions under section 4966?
- c** Did the organization make a distribution to a donor, donor advisor, or related person?
- d** Enter the total number of donor advised funds owned at the end of the tax year ►

4b **4c**

- e** Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ►

- f** Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ►0

0

- g** Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ►0

0

Part IV **Reason for Non-Private Foundation Status** (See pages 4 through 7 of the instructions.)

I certify that the organization is not a private foundation because it is (Please check only **ONE** applicable box)

5 A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)

6 A school Section 170(b)(1)(A)(ii) (Also complete Part V)

7 A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)

8 A federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)

9 A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) **Enter the hospital's name, city, and state ►**

10 An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A)

11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)

11b A community trust Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)

12 An organization that normally receives **(1) more than 331/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc , functions—subject to certain exceptions, and **(2) no more than 331/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A)

13 An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3) Check the box that describes the type of supporting organization

Type I Type II Type III - Functionally Integrated Type III - Other

Provide the following information about the supported organizations. (see page 7 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support?
			Yes	No	
Total					►

14 An organization organized and operated to test for public safety Section 509(a)(4) (See page 7 of the instructions)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12) **Use cash method of accounting.****Note:** You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants See line 28)	655,835	961,796	1,316,858	1,186,025	4,120,514
16 Membership fees received					0
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc , purpose					0
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	17,454	72,673	8,392	14,920	113,439
19 Net income from unrelated business activities not included in line 18					0
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
21 The value of services or facilities furnished to the organization by a governmental unit without charge Do not include the value of services or facilities generally furnished to the public without charge					0
22 Other income Attach a schedule Do not include gain or (loss) from sale of capital assets	5,991	10,954	905	1,252	19,102
23 Total of lines 15 through 22	679,280	1,045,423	1,326,155	1,202,197	4,253,055
24 Line 23 minus line 17	679,280	1,045,423	1,326,155	1,202,197	4,253,055
25 Enter 1% of line 23	6,793	10,454	13,262	12,022	

26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24	26a	85,061
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2002 through 2005 exceeded the amount shown in line 26a Do not file this list with your return. Enter the total of all these excess amounts	26b	1,518,012
c Total support for section 509(a)(1) test Enter line 24, column (e)	26c	4,253,055
d Add Amounts from column (e) for lines 18 113,439 19 0	26d	1,650,553
22 26b 1,518,012	26e	2,602,502
e Public support (line 26c minus line 26d total)	26f	6119 14 %
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))		

27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year	(2006) _____	(2005) _____	(2004) _____	(2003) _____
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000 (Include in the list organizations described in lines 5 through 11b, as well as individuals) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2) , enter the sum of these differences (the excess amounts) for each year	(2006) _____	(2005) _____	(2004) _____	(2003) _____
c Add Amounts from column (e) for lines 15 16 17 20 21				27c
d Add Line 27a total and line 27b total				27d
e Public support (line 27c total minus line 27d total)				27e
f Total support for section 509(a)(2) test Enter amount from line 23, column (e)		27f		
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))			27g	
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))			27h	
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2002 through 2005, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant Do not file this list with your return. Do not include these grants in line 15				

Part V Private School Questionnaire (See page 7 of the instructions.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29	
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30	
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement)	31	
<hr/> <hr/> <hr/>		
32 Does the organization maintain the following		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b Records documenting that scholarships and other financial assistance are awarded on racially nondiscriminatory basis?	32b	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d Copies of all material used by the organization or on its behalf to solicit contributions?	32d	
 If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement)		
<hr/>		
33 Does the organization discriminate by race in any way with respect to		
a Students' rights or privileges?	33a	
b Admissions policies?	33b	
c Employment of faculty or administrative staff?	33c	
d Scholarships or other financial assistance?	33d	
e Educational policies?	33e	
f Use of facilities?	33f	
g Athletic programs?	33g	
h Other extracurricular activities?	33h	
 If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement)		
<hr/> <hr/> <hr/>		
34a Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement	34b	
<hr/>		
35 Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation	35	

Part VI-A **Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions.
(To be completed **ONLY** by an eligible organization that filed Form 5768)

Check a if the organization belongs to an affiliated group Check b if you checked "a" and "limited control" provisions apply

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for all electing organizations
(The term "expenditures" means amounts paid or incurred)			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	
41	Lobbying nontaxable amount Enter the amount from the following table—	41	
If the amount on line 40 is—	The lobbying nontaxable amount is—		
Not over \$500,000	20% of the amount on line 40		
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000		
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000		
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000		
Over \$17,000,000	\$1,000,000		
42	Grassroots nontaxable amount (enter 25% of line 41)	42	
43	Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43	
44	Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44	

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.
See the instructions for lines 15 through 50 on page 11 of the instructions.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including an attempt to influence public opinion on a legislative matter or referendum, through the use of

- a** Volunteers
- b** Paid staff or management (Include compensation in expenses reported on lines **c** through **h**.)
- c** Media advertisements
- d** Mailings to members, legislators, or the public
- e** Publications, or published or broadcast statements
- f** Grants to other organizations for lobbying purposes
- g** Direct contact with legislators, their staffs, government officials, or a legislative body
- h** Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means
- i** Total lobbying expenditures (Add lines **c** through **h**.)

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 12 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting organization to a noncharitable exempt organization or

- (i) Cash
- (ii) Other assets

↳ Other transactions

- (i) Sales or exchanges of assets with a noncharitable exempt organization
- (ii) Purchases of assets from a noncharitable exempt organization
- (iii) Rental of facilities, equipment, or other assets
- (iv) Reimbursement arrangements
- (v) Loans or loan guarantees
- (vi) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

	Yes	No
51a(i)		No
a(ii)		No
b(i)		No
b(ii)		No
b(iii)		No
b(iv)		No
b(v)		No
b(vi)		No
c		No

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

Yes No

b If "Yes," complete the following schedule.

Additional Data

Software ID:
Software Version:
EIN: 94-3170425
Name: FOUNDATION FOR RESEARCH ON ECONOMICS AND THE ENVIRONMENT

Form 990, Part II, Line 43 - Other expenses not covered above (itemize):

<i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i>		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
a ADVERTISING	43a	14,490	9,968	1,674	2,848
b CONTRIBUTIONS	43b	250		250	
c DUES & SUBSCRIPTIONS	43c	3,894	2,726	389	779
d HONORARIA	43d	48,000	48,000		
e LIBRARY ACQUISITION	43e	505	13	492	
f MISCELLANEOUS	43f	462		462	
g OFFICE EXPENSE	43g	34,492	11,579	20,833	2,080
h VEHICLE EXPENSE	43h	3,838	1,115	2,404	319

Form 990, Part V-A - Current Officers, Directors, Trustees, and Key Employees:

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
DR JOHN A BADEN 945 TECHNOLOGY BLVD STE 101F BOZEMAN, MT 59718	CHAIRMAN 40 00	0	0	0
THE HONORABLE DANNY J BOGGS 601 WEST BROADWAY LOUISVILLE, KY 40202	DIRECTOR 0 00	0	0	0
MS DEECY STEPHENS GRAY 710 BULLS NECK ROAD MCLEAN, VA 22102	DIRECTOR 0 00	0	0	0
PROFESSOR JAMES HUFFMAN 10015 SW TERWILLIGER BLVD PORTLAND, OR 97219	DIRECTOR 0 00	0	0	0
JOHN L MCCORMACK 1585 BROADWAY NEW YORK, NY 10036	DIRECTOR 0 00	0	0	0
DR R NEAL WILKINS PHD 2258 TAMU 111 NAGEL HALL COLLEGE STATION, TX 778432258	DIRECTOR 0 00	0	0	0
LEON ROYER 1632 W MAIN BOZEMAN, MT 59715	DIRECTOR 0 00	0	0	0
JOHN A VON KANNON 214 MASSACHUSETTS AVENUE NE WASHINGTON, DC 200024999	DIRECTOR 0 00	0	0	0
MR RICHARD PAULS 110 TIMBERLAKE RD SHEBOYGAN, WI 53081	DIRECTOR 0 00	0	0	0
THE HONORABLE EDWIN MEESE III 214 MASSACHUSETTS AVENUE NE WASHINGTON, DC 200024999	DIRECTOR 0 00	0	0	0

Form 990, Part V-A - Current Officers, Directors, Trustees, and Key Employees:

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
DEAN KENNETH W STARR 24255 PACIFIC COAST HIGHWAY MALIBU, CA 90263	DIRECTOR 0 00	0	0	0

TY 2007 Depreciation and Depletion Schedule

Name: FOUNDATION FOR RESEARCH ON ECONOMICS AND
THE ENVIRONMENT
EIN: 94-3170425

Asset	Amount
2005 GMC	9,810
Airport Base	333
Apple Wireless	38
Computer	42
Computer	113
Computer Refurbished	295
Computer	271
Computer	163
Copy	3,421
iMac 20 inch Refurbished	1,468
IMac G5	279
Knack Box-large	190
Knack Box-	120
Monitor	104
Monitor	164
PowerMac	425
Satellite Radio	129
Vodavi Phone	500
Vodavi	500
Computer	14
Conference Table	289
Desk with Hutch	279
Executive Chair	71
Round Table	86
Window Blinds	226
Wood Benches	143
PowerBOOK G4	1,311

TY 2007 Gain/Loss from Sale of Public Securities Schedule

Name: FOUNDATION FOR RESEARCH ON ECONOMICS AND
THE ENVIRONMENT

EIN: 94-3170425

Gross Sales Price: 381,867

Basis: 336,660

Sales Expenses: 0

Total (net): 45,207

TY 2007 Land etc. Schedule

Name: FOUNDATION FOR RESEARCH ON ECONOMICS AND
THE ENVIRONMENT
EIN: 94-3170425

Category/Item	Cost/Other Basis	Accumulated Depreciation	Book Value
2005 GMC	49,050	26,716	22,334
Airport Base	1,664	1,308	356
Apple Wireless	188	112	76
Computer	5,465	5,465	0
Computer	700	700	0
Computer Refurbished	1,477	320	1,157
Computer	1,356	1,075	281
Computer	816	648	168
Copy	17,889	17,889	0
Filemaker Pro	215	215	0
G4-JB	1,784	1,784	0
Grill	1,000	1,000	0
iMac 20 inch Refurbished	1,468	1,468	0
iMac G5	1,397	543	854
Knack Box-large	950	559	391
Knack Box-	600	354	246
LCD Projector	1,873	1,873	0
Monitor	341	341	0
Monitor	522	444	78
Monitor	822	700	122
Network &	11,680	11,680	0
PowerMac	2,123	1,686	437
Satellite Radio	647	620	27
Vodavi Phone	2,499	2,019	480
Vodavi	2,500	2,019	481
1 Rug	670	670	0
2 Blue Push	80	80	0
2 Credenzas	550	550	0
2 Tan 4-Drawer	680	680	0
3 4-Drawer File	390	390	0

Category/Item	Cost/Other Basis	Accumulated Depreciation	Book Value
4 Brown Chairs	80	80	0
4 Dr Black Letter	130	130	0
6 Bookshelves	510	510	0
Blue Chair	600	600	0
Blue Chair-Wood	300	300	0
Bookcase	640	640	0
Cabinets &	1,405	1,405	0
Computer	1,210	1,210	0
Conference Table	2,025	1,167	858
Desk with Hutch	1,955	1,092	863
Executive Chair	640	640	0
Executive Chair	500	424	76
Executive Desk	1,300	1,300	0
Framed Wolf	221	221	0
Round Meeting	1,000	1,000	0
Round Table	599	308	291
Square Conf	425	425	0
Window Blinds	1,585	833	752
Wood Benches	1,000	965	35
PowerBOOK G4			0

TY 2007 Other Assets Schedule

Name: FOUNDATION FOR RESEARCH ON ECONOMICS AND
THE ENVIRONMENT

EIN: 94-3170425

Description	Beginning of Year Amount	End of Year Amount
OTHER CURRENT ASSETS	2,487	2,487

TY 2007 Other Changes in Net Assets Schedule

Name: FOUNDATION FOR RESEARCH ON ECONOMICS AND
THE ENVIRONMENT
EIN: 94-3170425

Description	Amount
UNREALIZED GAINLOSS ON INVESTMENTS	35,582

TY 2007 Other Income Schedule

Name: FOUNDATION FOR RESEARCH ON ECONOMICS AND
THE ENVIRONMENT
EIN: 94-3170425

Description	2006	2005	2004	2003	Total
OTHER INVESTMENT INCOME					
MISCELLANEOUS INCOME	5,991		905	1,252	8,148
GAINLOSS ON SALE OF ASSET		10,954			10,954